



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

June 27, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Forest Park National Bank
Charter Number 14566**

7348 West Madison, Forest Park, Illinois 60130

Office of the Comptroller of the Currency

7600 County Line Road, Suite 3, Burr Ridge, Illinois 60521

NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the Community Reinvestment Act (CRA) performance of Forest Park National Bank (Forest Park NB) prepared by the Office of the Comptroller of the Currency (OCC), the institution's supervisory agency, as of June 27, 1997. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 C.F.R. Part 25.

INSTITUTION'S CRA RATING: This institution is rated **SATISFACTORY**.

Forest Park NB extends a majority of loans within its assessment area. The bank originates loans to consumers and businesses of all income levels. The bank's loan-to-deposit ratio is reasonable. The geographic distribution of loans throughout the assessment area is adequate.

DESCRIPTION OF INSTITUTION

Forest Park NB is a subsidiary of Forest Park Corporation, a one bank holding company. The bank is located in Forest Park, Illinois, a near west suburb of the city of Chicago. The bank has two full service locations and one automated teller machine which permits withdrawals at a local retail store.

Forest Park NB totaled \$89 million in assets as of March 31, 1997. Net loans comprise 40.85% of total assets. The loan portfolio is 65% residential real estate, 13% commercial real estate, 8% commercial, and 14% consumer loans.

Forest Park NB offers numerous loan products which include: home improvement loans; home equity lines of credit; balloon home purchase and refinance mortgages which require a maximum loan-to-value of 80%; consumer loans; and commercial loans. However, the bank's lending efforts are largely concentrated on home improvement loans and home equity lines of credit. Forest Mortgage Services (FMS), a division of the bank, brokers real estate mortgage loans to other financial institutions. FMS processes FHA, VA, adjustable rate, and long-term fixed rate mortgages.

No financial or legal impediments exist that would impact the bank's ability to meet the credit needs of its community. The Comptroller of the Currency rated the bank "Satisfactory" at the bank's last CRA examination, dated August 1, 1994.

DESCRIPTION OF ASSESSMENT AREA

The bank's assessment area consists of 23 census tracts which comprise the cities of Forest Park, Oak Park, and River Forest, as well as the east portion of Maywood, the north portion of Berwyn, and the Hines V.A. Hospital and Loyola Medical Center. These census tracts are located in Cook County and the Chicago Metropolitan Statistical Area (MSA). The median family income of the assessment area is \$43,532. The assessment area consists of two (8.7%) moderate-income, fourteen middle-income (60.9%), and seven (30.4%) upper-income census tracts. However, low- and moderate-income families represent 12.81% and 17.29% of the population of the assessment area, respectively. Total population of the assessment area is 102,376.

The local economy is stable and is predominantly retail businesses with some light industry. The largest employers are Ferrara Pan Candy Company and Jerry Gleason Chevrolet. Many residents in the assessment area commute to the city of Chicago for employment. The unemployment rate in the assessment area is stable at 2%.

The city of Forest Park was selected as an Illinois Main Street Community by the Office of the Lieutenant Governor of Illinois. The Mainstreet Redevelopment Association was formed to assist in revitalizing the downtown area and sustaining the economic vitality of the community. The

association also recognizes residential property owners who improve and maintain their properties.

Many financial institutions serve the assessment area. According to 1995 Home Mortgage Disclosure Act (HMDA) information, 269 financial institutions originated real estate mortgages in the bank's assessment area. Many of the banks located in the area are branches of larger regional and money center banks. Five other banks are based in the bank's assessment area.

We considered comments from the community in assessing the bank's CRA performance. We contacted a local community redevelopment organization. Our contact indicated that the community's credit needs include home and business improvement loans and flexible mortgage programs. The bank has identified similar credit needs. The average age of the housing stock in the assessment area is 57 years. Housing units are 53% owner occupied, 44% rental, and 3% vacant.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

- ▶ **The bank conducts a majority of their lending in their assessment area.**

Our analysis of the bank's lending activity focused on 1995, 1996, and first quarter 1997 HMDA information. HMDA reportable mortgage loans represent approximately 65% of the bank's total loan portfolio. Based on the number of loans, the bank originated 55.6%, 60.2%, and 43.7% of its HMDA loans within the assessment area for 1997, 1996, and 1995, respectively. The bank participates in a Chicago newspaper rate survey which results in more loans extended outside of the assessment area. The following table demonstrates the bank's mortgage lending within its assessment area.

Analysis of Mortgage Lending Within the Assessment Area (AA)

Loan Product	First Quarter 1997		1996		1995	
	# of Loans in AA %	\$ of Loans in AA (000s) %	# of Loans in AA %	\$ of Loans in AA (000s) %	# of Loans in AA %	\$ of Loans in AA (000s) %
Purchase	3 75.0%	169 44.9%	14 58.3%	1,357 54.7%	4 30.8%	243 17.5%
Home Improvement	6 66.7%	198 56.9%	27 69.2%	523 61.8%	15 45.5%	247 44.7%
Refinance	1 20.0%	80 13.3%	9 47.4%	542 37.0%	12 48.0%	791 38.9%
Total Loans	10 55.6%	447 33.8%	50 60.2%	2,422 50.2%	31 43.7%	1,281 32.2%

Source: 1997, 1996, and 1995 HMDA Loan Application Registers (LARs)

Due to the bank's emphasis on home improvement lending, the bank has a strong market share in home improvement loans. Based on 1995 HMDA information, Forest Park NB is fourth among

all lenders with a 6.17% market share of home improvement loans extended during 1995 in the assessment area. The three financial institutions that have a larger market share are larger, regional banks. Forest Park NB is 18th with a 1.41% market share for all 1995 HMDA loans in the assessment area. All financial institutions with a larger market share are significantly larger banks, regional banks, and mortgage companies.

The bank collects information on total outstanding loans to determine location within the assessment area. The zip code is used as an approximation. We tested a sample of loans to verify the accuracy of this report. As of April 30, 1997, 53% of the number of total outstanding loans are located in the bank's assessment area. This figure for mortgage and home equity loans is 54% and 62%, respectively.

► **The bank originates loans to individual borrowers and businesses of all income levels.**

This distribution of mortgage loans approximates the income level characteristics of the bank's assessment area and indicates an improving trend. During the first quarter of 1997, the bank extended 33.4% of its HMDA mortgage loans to low- and moderate-income borrowers. This figure was 27.7% and 26.8% for 1996 and 1995, respectively. The following table contains information on the bank's HMDA loans by borrower income level.

Analysis of Mortgage Lending to Individuals of Different Income Levels

Gross Income Levels	First Quarter 1997		1996		1995	
	# of Loans %	\$ of Loans (000s) %	# of Loans %	\$ of Loans (000s) %	# of Loans %	\$ of Loans (000s) %
Low	1 5.6%	15 1.1%	8 9.6%	132 2.7%	3 4.2%	37 0.9%
Moderate	5 27.8%	159 12.0%	15 18.1%	1063 22.1%	16 22.6%	993 25.0%
Middle	2 11.1%	77 5.8%	21 25.3%	841 17.4%	22 31.0%	1063 26.8%
Upper	10 55.5%	1073 81.1%	36 43.4%	2618 54.3%	27 38.0%	1861 46.8%
Not Available	0 0.0%	0 0.0%	3 3.6%	167 3.5%	3 4.2%	20 0.5%
Total	18 100.0%	1324 100.0%	83 100.0%	4821 100.0%	71 100.0%	3974 100.0%

Source: 1997, 1996, and 1995 HMDA-LARs

The bank recently began collecting information on total loans originated by income level of the borrower. For the first quarter of 1997, the bank extended 51.2% of all loans to low- and

moderate-income borrowers. Of the remainder, 11.6% and 27.9% were extended to middle-income and upper-income borrowers, respectively. Nine percent of incomes were not available.

Bank Consolidated Reports of Condition include information on commercial and commercial real estate loans which represent approximately 21% of the bank's loan portfolio. As of June 30, 1996, 100% of commercial and commercial real estate loans are to small businesses, defined as loans with original balances of \$1 million or less. This amounted to 122 loans totaling \$7,838 thousand.

► **The bank's loan-to-deposit ratio is reasonable in light of other competing financial institutions in the assessment area and the bank's community development lending.**

The loan-to-deposit ratio averaged 42.89% since the last CRA examination. The bank's loan-to-deposit ratio of 44.05% as of March 31, 1997 is lower than the ratios of four other local financial institutions which range from 48.94% to 84.12%. However, these competing institutions are significantly larger in asset size than the bank, ranging from \$119 million to \$253 million. Bank management's plans to increase lending activity are reflected in the bank's loan-to-deposit ratio which has increased steadily over the last four years.

The bank's level of community development lending supplements its lending performance. The bank has extended several community development loans within Forest Park since the last CRA examination. These include a \$70,000 loan to purchase a home for an autistic agency which provides housing for people with disabilities. These individuals are low-income. The bank extended a \$98,000 loan to rehabilitate a property which would have been demolished. The building is now fully occupied and provides housing units for low- and moderate-income individuals. The bank has extended 12 loans totaling \$1,368,961 to finance small businesses in Forest Park since the last CRA examination. Two of these loans were extended directly through the Mainstreet Redevelopment Association. Forest Park NB is one of two local financial institutions which fund the Association's Building and Facade Loan Program. This program provides financing for permanent building improvements to Forest Park businesses.

► **The bank's geographic distribution of credit extensions demonstrates a reasonable penetration throughout the assessment area.**

During 1996 and 1995, the bank's total loan penetration was 95.7% and 87.5% of the census tracts in the assessment area. The one census tract with no loan activity during this period contains two medical facilities and just five residential properties.

Forest Park NB's lending activity reflects low penetration in the two moderate-income census tracts which are located in Maywood. However, this is compensated by the bank's strong lending to low- and moderate-income individuals and businesses throughout the assessment area. Also, competition is strong with two banks headquartered in Maywood.

Census tracts within the assessment area are 8.7% moderate-income, 60.9% middle-income, and 30.4% upper-income. The following table provides information on the geographic distribution of HMDA loans within the assessment area.

**Geographic Distribution of 1995, 1996, and 1997 HMDA Loans
Among Census Tracts Within the Assessment Area**

Census Tract Income Level	Home Purchase		Home Improvement		Refinance		Total	
	# of Loans %	\$ of Loans %	# of Loans %	\$ of Loans %	# of Loans %	\$ of Loans %	# of Loans %	\$ of Loans %
Moderate	0 0.0%	0 0.0%	1 2.0%	20 2.0%	0 0.0%	0 0.0%	1 1.1%	20 0.5%
Middle	13 65.0%	1,044 59.5%	37 75.5%	629 64.0%	19 86.4%	1,251 88.5%	69 75.8%	2,924 70.5%
Upper	7 35.0%	710 40.5%	11 22.5%	334 34.0%	3 13.6%	162 11.5%	21 23.1%	1,206 29.0%
Total	20	1,754	49	983	22	1,413	91	4,150

Source: 1997, 1996, and 1995 HMDA-LARs

Note: Dollar amounts in 000's.

The bank collects information on the census tract location of all loan products. We tested this report for accuracy. For total loans during the same time period, the bank extended 2.0% in moderate-income, 80.3% in middle-income, and 17.7% in upper-income census tracts.

► **The bank is in compliance with antidiscrimination laws and regulations.**

We did not identify any violations of the substantive provisions of the antidiscrimination laws and regulations during this examination. We tested a sample of home purchase, home improvement, and refinance loans for evidence of discrimination on the basis of race. We found no evidence of discrimination.